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UNCLAS SECTION 01 OF 02 LONDON 000764

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TREASURY FOR OFAC

E.O. 12958: N/A

TAGS: [ETTC](#) [ELAB](#) [CU](#) [UK](#)

SUBJECT: HILTON HOTELS CAUGHT BETWEEN US CUBA SANCTIONS AND
UK NON-DISCRIMINATION LAW

REF: LONDON 525

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nationality. Violations of both the US and UK laws are
subject to severe civil and criminal penalties.

The U.S. Sanctions, administered by the Office of Foreign
Assts Control ("OFAC") at the U.S. Treasury Department,
clearly prohibit US companies and their foreign subsidiaries
from engaging in any transaction with Cuba, Cuban entities or
Cuban nationals wherever located. Aspects of these
sanctions, particularly as to dealings with Cuban nationals,
run counter to UK law.

The United States has long been at the forefront of combating
discrimination, including on the basis of national origin.
Yet as a result of compliance with the US sanctions, Hilton
is facing allegations of discriminatory practices against
Cuban nationals on the basis of their national origin. It is
particularly difficult for a US based company such as Hilton
to respond to such recriminations in light of the seeming
inconsistency between the US anti-discrimination ethos as
well as Hilton's own anti-discrimination policy, and the
impacts of the sanctions as applied to Cuban national seeking
lodging in our UK hotels.

It is Hilton's policy to comply with all laws applicable to
its operations. This puts employees of Hilton in the UK in
the extremely difficult situation of being left to choose
between compliance with US Sanctions or UK law. It also
subjects Hilton to irreparable reputational harm if as a
result of compliance with US Sanctions, Hilton is seen as a
company that discriminates against travelers in violation of
UK law.

Hilton would like to see a reform of the US Sanctions within the tourism industry for US hotel companies (last three words in bold print) operating outside the United States so that this contradiction between US law and the laws of other countries, such as UK law, is eliminated. To that end, we have submitted our own formal license application to OFAC for a specific license to authorize service to Cuban nationals. We are also working with the American Hotel and Lodging Association to make representations to the US State Department and Treasury to review these laws particularly with respect to their discriminatory effect based on nationality.

(footnote 1: On 23rd March 2006 Hilton Group plc sold its hotel division, Hilton International, to the US based Hilton Hotels Corporation. Hilton UK and Ireland currently operate 73 hotels with over 14,000 rooms and 15,200 staff.)

End text.

17. Embassy was contacted February 27 by The Guardian newspaper asking for comments on a statement it had received from Hilton on trade sanctions with Cuba. The statement forwarded by the Guardian differs in some respects from the text in para 6. One key difference is the following in the third paragraph of the statement: "However, notwithstanding this very serious dilemma, Hilton does not expect, require or counsel, its employees to violate their own country's laws. Accordingly, when dealing with bookings at our hotels in the UK, we do not expect or require that our UK employees do anything in violation of UK law." The Guardian statement also calls on the UK government to "make representations to the US and to bring a resolution to these issues." The text of both documents has emailed to EUR/UBI and WHA/CCA desk, L/EB and L/WHA.

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